# Economic Indicators

## Edmonton's employment eases in May

*June 10, 2016*

For the first time in 12 months, employment in **Edmonton** decreased with the region losing 2,900 jobs in May 2016. Reduced employment in logistics, construction, resources and manufacturing outweighed job gains in financial services, public administration and information services. Most of May's losses were part-time positions. Consequently average weekly wages in Edmonton continued to grow at 2.4% on a year over year basis.

Overall, the **Edmonton Census Metropolitan Area** (CMA) added roughly 30,000 positions over the past 12 months, which is slightly less than 30% of all net new jobs generated in Canada over that period.

Annual employment growth in Edmonton was 4.0% in May, which is more than five times the national average of 0.6%. Over the same period, Alberta's employment decreased by 2.3%.

In spite of the weaker employment numbers seen in May, the Edmonton CMA's unemployment remained unchanged at 7.0% between May 2015 and May 2016 as the region's labour force decreased by just over 3,000 individuals. The unemployment rate for Calgary in May 2016 was 8.1%.

**Labour Force Survey Results – Edmonton Census Metropolitan Area**
**Three-month moving average – seasonally adjusted**

| | May 2015 | Apr 2016 | **May2016** | Apr 2016 to May 2016 | May 2015 to May 2016 | Apr 2016 to May 2016 | May2015 to May 2016 |
|---|---|---|---|---|---|---|---|
| | (000) | (000) | **(000)** | (000) | (000) | % | % |
| Population (15 years and older) | 11096.5 | **1117.0** | **1118.7** | 1.7 | 22.2 | 0.2 | 2.0 |
| Labour force | 802.3 | **843.0** | **839.9** | -3.1 | 37.6 | -0.4 | 4.7 |
| Employment | 751.7 | **784.3** | **781.4** | -2.9 | 29.7 | -0.4 | 4.0 |
| Unemployment | 50.6 | **58.7** | **58.5** | -0.2 | 7.9 | -0.3 | 15.9 |
| Unemployment rate (%) | 6.3 | **7.0** | **7.0** | 0 | 0.7 | ... | ... |
| Participation rate (%) | 73.2 | **75.5** | **75.1** | -0.4 | 1.9 | ... | ... |
| Employment rate (%) | 68.6 | **70.2** | **69.8** | -0.4 | 1.2 | ... | ... |

*Source: Statistics Canada*

As was the case in Edmonton, employment in **Alberta** declined in May2016. The net job loss for the province was just over 24,000 positions. Job losses were particularly marked in full-time positions which declined by approximately 40,000. This was partially offset by a gain of 15,000 part-time jobs. The primary sources of employment weakness in Alberta were the energy and construction sectors. As a result of this large reduction in employment, Alberta's unemployment rate jumped from 7.2% to 7.8% between April 2016 and May2016.

It should be noted that due to the wildfires and evacuation of Fort McMurray, Statistics Canada excluded the census agglomeration of Wood Buffalo from the May employment numbers for Alberta. This has probably resulted in an underestimate of job losses for the province in the month of May.

Employment levels were up marginally at the national level, with very strong gains in full-time employment counterbalancing losses in part-time jobs for the month of May. Most of **Canada's** job gains were in construction, manufacturing and other services while retail trade and health care saw significant losses. Canada's unemployment rate moved down from 7.1% to 6.9% between April and May 2016.

## Significance

The recent job losses in the goods producing side of Edmonton's economy demonstrates that the region is not immune to the impact of decreased oil prices. However, the region's diverse economy has so far been able to absorb this negative shock and continue to expand. Moving into the second half of 2016, employment growth will weaken with the unemployment rate rising toward the 7.5% range. If oil prices continue to improve over the next several months, Edmonton's unemployment levels will stabilize in late 2016.

The ongoing growth in the working-age population—up 2.3% from May 2015 to May 2016— and very high participation in the labour force highlight Edmonton's relatively positive job prospects when compared to the rest of Alberta. Growth in the number of job seekers have been an important factor in moderating wage increases by addressing labour and skill shortages that began to emerge in Edmonton prior to the downturn in energy prices. However, with Edmonton's unemployment rate now above the national average and good job gains in Ontario and British Columbia, net migration into the region will slow down significantly compared to the volumes seen over the past several years.

## Limitations

Since employment trends, particularly in the full-time category, tend to lag behind developments in overall economic activity; they are a better indicator of past, rather than current, conditions in the economy. However, employment trends are useful predictors of future changes in income and consumer spending. Statistics Canada publishes a three-month moving average of all labour force values for the Edmonton region, an approach that sometimes results in the number of reported jobs lagging behind developments in the Edmonton region's economy.

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